

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2018-

IN RE:

Application of Duke Energy Carolinas, LLC)
for Approval of the Transfer and Sale of)
Property in Eden, North Carolina)

APPLICATION FOR APPROVAL OF TRANSFER AND SALE OF PROPERTY

Duke Energy Carolinas, LLC (“DEC”), hereby applies to the Public Service Commission of South Carolina (the “Commission”) for approval of the transfer and sale of certain real estate, known as the Eden, North Carolina property (the “Property”) that is currently included in the rate base of DEC.¹ The Property is a parcel of vacant land of approximately 204.75 acres and is located in the DEC service territory in North Carolina. This Application is made pursuant to S.C. Code Ann. § 58-27-1300 (2015), 10 S.C. Code Ann. Regs. 103-823, and other applicable rules and regulations of the Commission. In support of this Application, DEC would show the following:

1. The name and address of the Applicant is

Duke Energy Carolinas, LLC
550 South Tryon Street
Charlotte, North Carolina 28202

2. The name and address of the Applicant's attorneys are:

Heather Shirley Smith, Deputy General Counsel
Rebecca J. Dulin, Senior Counsel
Duke Energy Corporation
40 West Broad St., Suite 690
Greenville, South Carolina 29601
Telephone: (864) 370-5045
heather.smith@duke-energy.com
rebecca.dulin@duke-energy.com

¹ Because the Property was purchased in 2015, after DEC's most recent rate case, there has been no recovery of the Property's purchase price through rates.

and

Frank R. Ellerbe, III (S.C. Bar No. 01866)
 Samuel J. Wellborn (S.C. Bar No. 101979)
 ROBINSON GRAY STEPP & LAFFITTE, LLC
 Post Office Box 11449
 Columbia, South Carolina 29211
 Telephone: (803) 227-1112
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3. Copies of all pleadings, orders or correspondence in this proceeding should be served upon the attorneys listed above.

4. DEC is a public utility engaged in the generation, transmission, distribution, and sale of electric energy in South Carolina and is subject to the jurisdiction of this Commission.

5. The Property consists of certain real estate that is not required for DEC's current utility operations. The property is a parcel of vacant land of approximately 204.75 acres.

6. The Property is located in the City of Eden, North Carolina (the "City") and is being sold to the City. This transaction will not affect DEC's ability to provide reliable service to its customers at just and reasonable rates.

7. DEC acquired the Property in 2015 incidental to its purchase of a nearby tract to which DEC needed in connection with operations at its Dan River generating facility.² The landowner was unwilling to sell the nearby tract without also selling the Property. At the same time, DEC negotiated a contract with the City whereby DEC would be permitted to construct a landfill on existing plant property, and the City would be granted a three-year option to purchase the Property for \$1,500,000.00. Pursuant to that contract, the City has exercised the option to purchase the Property, and, consistent with this arrangement, the Property was not marketed for

² A map of the Property is attached hereto as Exhibit A. The Property is identified as "Hopkins East," and the nearby property is identified as "Hopkins West."

sale to other parties.

8. The adjoining tract and the Property, which, combined, are 422.25 acres, were bought by DEC in 2015 for \$2,399,847.46. The book value of the 204.75-acre Property is \$1,164,813.82. The Property was appraised for \$1,085,000.00 as of September 12, 2018,³ and the Property has a tax value of \$460,139.00. The Property is being sold to the City for \$1,500,000.00

9. The original cost of the Property being sold will be credited as a reduction of the amount carried upon the books of DEC under Account 101, "Electric Plant in Service." The difference between the sales price and the original cost of the non-depreciable Property will be applied to Account 421.10, "Gain on Disposition of Property."

10. The South Carolina Office of Regulatory Staff has been served with a copy of this application and exhibits. S.C. Code Ann. § 58-27-1300 provides that an electric utility must first obtain Commission approval prior to selling or otherwise transferring utility property with a fair market value greater than \$1 million. Therefore, DEC applies to the Commission for permission to sell the Property.

11. Applicant requests that this Commission: (i) approve this matter at the next appropriate weekly agenda session; (ii) issue an appropriate order approving the relief sought in the DEC's Application; and (iii) grant such other and further relief as this Commission may deem just and proper.

WHEREFORE, Applicant prays that, pursuant to S.C. Code § 58-27-1300 and other applicable rules and regulations, the Commission enter an order approving the transfer and sale of the Property.

³ The appraisal is attached hereto as Exhibit B.

Dated this 22nd day of October, 2018.

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